



LION ASIAPAC LIMITED
(Co. Reg. No. 196800586R)
(Incorporated in the Republic of Singapore)

SGX-ST ANNOUNCEMENT

For immediate release

THE PROPOSED ACQUISITION OF SHARES IN SEMANGAT MERIAH SDN. BHD.

1. INTRODUCTION

The board of directors (the "**Directors**") of Lion Asiapac Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that it has, through its subsidiary, LAP Energy Sdn. Bhd. (the "**Purchaser**"), entered into a conditional share sale and purchase agreement (the "**Agreement**") with Semangat Meriah Sdn. Bhd. (the "**Target**") and its shareholders (collectively, the "**Vendors**" and each a "**Vendor**") for the proposed acquisition of 10,000 ordinary shares of the Target, representing the entire issued share capital of the Target (the "**Sale Shares**") by the Purchaser, subject to the terms of the Agreement (the "**Proposed Acquisition**").

The consideration for the Sale Shares which will be satisfied entirely in cash is at approximately RM14.0 million (approximately S\$4.1 million¹) (the "**Consideration**").

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Target

The Target is a private company limited by shares incorporated in Malaysia on 1 September 2010. As at the date of this announcement (the "**Announcement Date**"), the Target has an issued and paid-up share capital of RM 10,000 comprising 10,000 Sale Shares.

The Target is an investment holding company, which holds:

- (a) 96.79% of the shares in Swissma Building Technologies Sdn. Bhd. ("**Swissma**"); and
- (b) 65% of the shares in Associated Steel Industries (M) Sdn. Bhd. ("**ASIM**").

Swissma was established in 1997 by a group of Swiss master-craftsmen and a Malaysian construction company. It was formed to provide high-end premium roofing and wall cladding

¹ Unless otherwise stated, the S\$ equivalent of the RM figures in this Announcement has been arrived at based on an exchange rate of RM1.00:S\$0.2923 as at 18 August 2023. Any discrepancies in figures included in this Announcement between the amounts shown and the totals thereof may be due to rounding.

systems to the building industry in Malaysia. With the expertise of the European master-craftsmen and the incorporation of European technologies, Swissma has carved a name in Malaysia as a true roofing specialist.

In 2002, as part of Swissma's plans for expansion, Swissma acquired a 65% interest in ASIM. ASIM is in the business of producing SANKO profile metal decks and is a joint venture between Sanko Metal Industrial Co Ltd (Japan) and Nippon Steel & Sumikin Bussan Corporation (Japan). ASIM manufactures corrugated and long length metal roof profiles under the Japanese brand Sanko. With over 28 years of experience, ASIM is one of the most reputable steel roofing manufacturers and installers in Malaysia. Accordingly, Swissma's acquisition of ASIM places Swissma in a well-poised position to provide a complete range of roofing and wall cladding products, from steel, stainless steel, aluminium, copper, titanium zine to pure titanium.

2.2 Information on the Vendors

The Vendors are the legal and beneficial owners of the Sale Shares. Their respective shareholdings in the Target are set out below:

	Vendors	No. of Sale Shares	Shareholding Percentage
1	Alex Pang Kee Ann	1,000	10%
2	Lee Chee Ching	1,000	10%
3	Lim Han Joeh	4,000	40%
4	Low Ping Hing	4,000	40%
	Total	10,000	100%

None of the Vendors is related to the Directors or controlling shareholders of the Company.

3. **PRINCIPLE TERMS OF THE PROPOSED ACQUISITION**

3.1 Consideration

The Consideration is arrived at on a willing-buyer and willing-seller basis, taking into account the adjusted net tangible asset value of the Target of RM 14.0 million (approximately S\$4.1 million) as at 30 June 2023, as adjusted from the net tangible asset value of the Target as at 30 June 2023 of approximately RM 22.5 million and taking into account the dividend amount of RM 9.0 million declared and paid on 18 August 2023, as well as the potential for appreciation in the value of industrial land owned by the Target, which is currently held at book value.

3.2 Financial Due Diligence

The Company has appointed UHY Advisory (KL) Sdn. Bhd. as independent financial adviser (the "**Independent FA**") to conduct financial due diligence on the Target in respect of the Proposed Acquisition.

3.3 Source of funds

The Group intends to fund the Proposed Acquisition by way of the Group's internal cash resources.

3.4 Terms of Payment

The payment of the Consideration under the Agreement shall be effected as follows:

- (a) the Purchaser or the Purchaser's solicitors shall remit to the Vendors' solicitors as stakeholder a deposit sum of RM 700,000.00 (approximately S\$204,610.00) equivalent to five per cent (5%) of the Consideration (the "**Deposit Sum**") on the date of the execution of the Agreement;
- (b) on the date of completion of the Proposed Acquisition (the "**Completion Date**"), the Purchaser shall remit to the Vendors' solicitors as stakeholder, the balance of the Consideration excluding the sum of RM 1,150,000.00 (approximately S\$336,145.00) being the sum retained for the purpose of settling the tax liabilities and other liabilities of the Target which may arise after the Completion Date (the "**Retention Sum**"), equivalent to the sum of RM 12,150,000.00 (approximately S\$3,551,445.00); and
- (c) within 12 months from the Completion Date, the Purchaser or the Purchaser's solicitors shall remit to the Vendors' solicitors as stakeholders, the Retention Sum, after any set offs as set out on paragraph 3.5 below.

Upon the fulfilment of the conditions precedent summarised in paragraph 3.7 below (the "**Conditions Precedent**") and the delivery of certain completion deliverables in the Agreement, the Vendors' solicitors is authorised to release the Deposit Sum to the Vendors. In the event of non-fulfilment of the Conditions Precedent, the Vendors' solicitors is authorised to release the Deposit Sum to the Purchaser free of interest.

3.5 Retention Sum

Pursuant to the terms of the Agreement, the Purchaser shall be entitled to retain such part of the Retention Sum as the Purchaser shall deem fit to set off against all and any Losses (as defined below) which may be brought against the Target and its subsidiaries (the "**Target Group**") and/or the Purchaser or which the Target Group and/or Purchaser may suffer or incur or assume as a result of action or inaction arising prior to the Completion Date or in relation to a breach by the Vendors of any warranty, representations, undertaking or terms of the Agreement, which may arise or occur within 12 months after Completion Date, and the balance thereof, if any, shall be remitted to the Vendors in accordance with paragraph 3.4(c) above.

"**Losses**" in this paragraph 3.5 means all losses, diminution in value, liabilities, damages, costs (including, without limitation, legal costs), charges, expenses, actions, proceedings, claims, demands and/or amounts to be applied to satisfy the Vendors' indemnities provided in the Agreement, where applicable.

3.6 Net profit attributable to the Sale Shares

The net profit attributable to the Sale Shares as included in the Target's unaudited management accounts for the period 1 July 2022 to 30 June 2023 is approximately RM1,666,279.00 (approximately S\$487,345.00).

3.7 **Conditions Precedent and Other Terms of the Agreement**

The completion of the Proposed Acquisition ("**Completion**") under the Agreement is conditional upon the following:

- (a) the Purchaser being satisfied, at its sole discretion, with the results of the due diligence conducted by the Independent FA and any other advisers on the Group;
- (b) no court, arbitrator or relevant authority having issued any order, there being no statute, rule or regulation existing or coming into existence restraining any of the transactions contemplated by the Agreement, and there being no proceeding challenging the Agreement or the transactions contemplated therein or seeking to prohibit, alter, prevent the transfer of the Sale Shares by the Vendors to the Purchaser pursuant to the Agreement; and
- (c) the execution and completion of the agreement for the divestment of 100% equity interest in Swissma (Beijing) Building Technologies Co. Ltd (世纪瑞马(北京)建筑技术有限公司) executed between Swissma, as the disposing party, and Low Ping Hing, as the acquiring party upon the terms and conditions contained therein.

The Agreement also contains customary provisions relating to the Proposed Acquisition, including representations and warranties, indemnities, pre-completion covenants regarding the operation of the business and restrictive covenants in respect of key personnel of the Target.

4. **RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION**

The Group's operations are subject to market conditions, challenges facing the steel industry, the increasing energy prices in Malaysia and escalating production costs which the Group is unable to pass down to its customers. Owing to such factors, the Company's core businesses of lime sales and lime manufacturing have been loss-making.

The Target's business forms part of the building material supply chain and is in line with the market growth of Malaysia's construction market, which is forecasted by GlobalData to grow by 3.5% in real terms in 2023, having grown by 5.0% in 2022, and growth in Malaysia's infrastructure market, with output rising by 3.9% in real terms, as reported by GlobalData.² The Proposed Acquisition provides an excellent opportunity for the Group to be part of the market growth of Malaysia's construction market and to widen its bases of revenue and profits. The Proposed Acquisition is also in line with the Group's objective to exercise prudence in managing

² Source: 'The five largest construction projects in Malaysia commencing in Q2 2023' dated 19 August 2023, GlobalData 2023, World Construction Network (<https://www.worldconstructionnetwork.com/marketdata/five-largest-construction-projects-malaysia/>)

business challenges and to seek opportunities as they arise, in particular, profitable businesses which create recurring cash flows for the Group.

5. **CHAPTER 10 OF THE LISTING MANUAL**

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽ⁱ⁾ .	N.A.
(b)	The net profits attributable to the Sale Shares, compared with the Group's net profits ⁽ⁱⁱ⁾ .	-16%
(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares) ⁽ⁱⁱⁱ⁾ .	17%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	N.A. ^(iv)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N.A. ^(iv)

Notes:

- (i) The base under Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (ii) The relative figure for Rule 1006(b) has been computed based on the profits attributable to the Sale Shares of approximately RM1,666,279.00 (approximately S\$487,345.00), as included in the Target's unaudited management accounts for the period 1 July 2022 to 30 June 2023. Based on the Group's unaudited financial statements for the financial year ended 30 June 2023 ("**FY2023**"), the Group's unaudited net loss amounts to approximately S\$3.0 million. Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual. Based on the relative figures above, pursuant to Practice Note 10.1 paragraph 4.4(b) of Listing Manual, an announcement is required for the transaction.
- (iii) The relative figure for Rule 1006(c) has been computed based on (a) the Consideration of approximately RM 14.0 million (approximately S\$4.1 million); and (b) the Company's market capitalisation of approximately S\$24.7 million, which is based on the total number of ordinary shares ("**Shares**") of the Company (excluding treasury shares) of 81,104,539 and the weighted average price of S\$0.3056 per Share on 18 August 2023, being the last market day preceding the Announcement Date.
- (iv) The relative bases under Rules 1006(d) and (e) of the Listing Manual are not relevant to the Proposed Acquisition.

As the relative figure computed under Rule 1006(c) exceed 5% but does not exceed 20%,

pursuant to Rule 1010 of the Listing Manual (read with Practice Note 10.1 paragraph 4.4(b) of Listing Manual), the Proposed Acquisition constitutes a "discloseable transaction".

6. **ILLUSTRATIVE FINANCIAL EFFECTS**

6.1 For illustrative purposes only, the financial effects of the Proposed Acquisition set out below are prepared based on the Group's latest announced unaudited consolidated financial statements for FY2023, and subject to the following key assumptions:

- (a) the effect of the Proposed Acquisition on the Group's net tangible assets ("**NTA**") per Share for FY2023 is based on the assumption that the Proposed Acquisition had been effected at the end of FY2023; and
- (b) the effect of the Proposed Acquisition on the Group's earnings per ordinary Share of the Company ("**EPS**") for FY2023 is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2023.

6.2 The financial effects set out below are illustrative only and therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) **NTA per Share**

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$' 000)	58,259	58,124
Number of Shares	81,104,539	81,104,539
NTA per Share (S\$)	0.72	0.72

(b) **EPS**

	Before the Proposed Acquisition	After the Proposed Acquisition
Net (loss)/ Profit attributable to shareholders (S\$' 000)	(3,004)	(2,515)
Weighted average number of issued Shares	81,104,539	81,104,539
(Loss)/EPS (cents)	(3.70)	(3.10)

7. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholder(s) of the Company have any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

8. NO DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed to the board of the Company as part of the Proposed Acquisition, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 10 Arumugam Road #10-00 LTC Building A Singapore 409957 for the period of three (3) months from the Announcement Date.

By Order of the Board

Gan Chi Siew
Company Secretary
21 August 2023

Important Notice

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

Shareholders are also advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Where in doubt as to the action they should take, Shareholders should consult their financial, tax legal or other professional advisors.